

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: EAGR EEC

SUBJECT: COUNCIL OF AGRICULTURAL MINISTERS, OCTOBER 29-30, 1975

REF: A) EC BRUSSELS 09726 B) EC BRUSSELS 09252

1. BEGIN SUMMARY. LITTLE OR NOTHING IN THE CONCRETE SENSE WAS ACCOMPLISHED AT THE SPECIAL OCTOBER 29-30 SESSION OF THE AGRICULTURAL MINISTERS. THIS SESSION WAS DEVOTED EXCLUSIVELY TO A CONSIDERATION OF THE STOCKTAKING REPORT OF THE COMMISSION OR, MORE ACCURATELY, OF A REVISION OF THE CAP. THE SESSION CAN BEST BE VIEWED AS RITUALISTIC IN NATURE--A NECESSARY FIRST STEP WHICH WILL ACTIVATE THE CUMBERSOME EC DECISION-MAKING MACHINERY AND (IT IS HOPED) EVENTUALLY LEAD TO SOME CHANGES IN THE CAP. THERE WERE GENERAL STATEMENTS, STRIKINGLY CONCILIATORY AND MODERATE IN TONE, DELIVERED BY EACH DELEGATION ON THE STATE OF THE CAP AND ON THE STOCKTAKING. A MEANDERING DEBATE TOUCHED RATHER LIGHTLY UPON A LARGE NUMBER OF SPECIFIC AGRICULTURAL ISSUES COMPRISING THE STOCKTAKING REPORT AND CONSUMED THE REST OF THE SESSION. THE AD HOC SPECIAL COMMITTEE SET UP IN VENICE TO PREPARE FOR THE STOCKTAKING DISCUSSIONS WAS CHARGED WITH THE DEVELOPMENT OF A DOCUMENT, WHICH IS TO ULTIMATELY SERVE AS THE BASIS FOR DELIBERATIONS BY

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THE HEADS OF STATE AT THE DECEMBER 1-2 ROME SUMMIT. THE COUNCIL

ALSO FORMALLY ENDORSED (WITHOUT DISCUSSION) A NUMBER OF SPECIFIC REGULATIONS IMPLEMENTING DECISION PREVIOUSLY REACHED CONCERNING NONFAT DRY MILK POWDER, CODIFICATION OF REGULATIONS, SOYBEANS, AND OLIVE OIL. END SUMMARY.

2. THE SESSION BEGAN WITH THE PRESENTATION BY THE SPECIAL AD HOC COMMITTEE OF THE QUESTIONNAIRE AND AIDE MEMOIRE WHICH WERE TO FORM THE BASIS OF THE COUNCIL'S DISCUSSION (DISCUSSED IN REF. A). GENERAL STATEMENTS WERE THEN MADE BY EACH OF THE MEMBER STATE DELEGATIONS-- A REMARKABLY CONCILIATORY AND MODERATE TONE PREVAILED. HOWEVER, THESE PRESENTATIONS, WITH CERTAIN EXCEPTIONS--MOST NOTABLY ON THE PART OF THE BRITISH, WERE CHARACTERISTICALLY VAGUE.

3. THE FRENCH, OF COURSE, DEFENDED THE CAP BUT IN A VERY LOW-KEY MANNER. THEY RECOGNIZED THE NEED FOR CERTAIN CHANGES AND FOR CONTROLLING EXPENDITURES. THEY STATED, HOWEVER, THAT THE MEASURES TAKEN SHOULD NOT BE SO HARSH AS TO HURT FARMERS' INCOMES OR CRIPPLE THE ABILITY OF THE COMMISSION TO OPERATE THE CAP. THEY ALSO URGED THAT ANY CHANGES MADE IN THE CAP BE PHASED IN GRADUALLY. THE DUTCH STATEMENT WAS A SIMILAR LOW-KEY DEFENSE OF THE CAP; THEY PUT GREATEST EMPHASIS ON THE NEED TO RESTORE THE UNITY OF THE MARKET AND REMOVE MONETARY COMPENSATORY AMOUNTS (MCA'S). THE BELGIANS DELIVERED A SOMEWHAT MORE SPIRITED SUPPORT OF THE CAP, DESCRIBING IT AS A VERY GOOD INSTITUTION. THEY FELT THAT THE EC PRICE LEVEL WAS SUITABLE AND THAT THE CAP WAS NOT TOO EXPENSIVE. THE BELGIANS ALSO PLUGGED LONG-TERM EXPORT AGREEMENTS AS A USEFUL INSTRUMENT FOR ACHIEVING MARKET BALANCE. THE IRISH WERE MOST HAWKISH IN THEIR DEFENSE OF THE CAP. THEY COMPLAINED THAT FARMERS WERE BEING ASKED TO ACCEPT RESTRAINTS THAT WERE NOT PLACED ON OTHER ELEMENTS OF THE POPULATION AND FELT THAT EC SURPLUS PROBLEMS WERE EXAGGERATED PARTICULARLY IN VIEW OF THE SECURITY OF SUPPLY AFFORDED BY THE CAP. THE DANES ALSO BASICALLY APPROVED THE CAP, AND URGED GREATER EMPHASIS ON FARM STRUCTURAL POLICY AND THE ELIMINATION OF MCA'S.

4. THE GERMAN STATEMENT WAS UNEXPECTEDLY QUITE MILD. ERTL CITED THE NEED FOR IMPROVEMENTS IN THE CAP AND, IN PARTICULAR, ASKED FOR A THOROUGH REVIEW OF EC DAIRY POLICY BUT HE EMPHASIZED THAT GERMANY WAS AGAINST A FUNDAMENTAL REFORM OF THE CAP. INSTEAD, LIMITED OFFICIAL USE

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WHAT THEY SOUGHT WAS THE OPTIMUM UTILIZATION OF FEOGA. ERTL ALSO DECLARED HIMSELF AGAINST LONG-TERM AGREEMENTS ONLY IF THEY AIM AT OR RESULT IN THE EXTENSION OF EC PRODUCTION. HE STRESSED THAT MCA'S MUST BE RETAINED.

5. THE ITALIAN STATEMENT CENTERED ON THE NEED FOR MEDITERRANEAN AGRICULTURE TO BE FULLY INTEGRATED INTO THE CAP AND FOR PRICE GUARANTEES TO BE APPLIED EVENLY TO ALL PRODUCTS. THEY URGED THE

GREATER USE OF STRUCTURAL AND REGIONAL POLICY AND OF DIRECT AIDS (AT LEAST ON A TEMPORARY BASIS). THE ITALIANS ALSO CITED THE NEED TO PROGRESSIVELY ABOLISH MCA'S.

6. PRIOR TO THE MEETING, THE BRITISH CIRCULATED A STATEMENT TO THE PRESS SETTING OUT A NUMBER OF THEIR OBJECTIVES:

A. FURTHER MOVEMENT TOWARDS AN OBJECTIVE METHOD OF PRICE FIXING BASED ON MODERN AND EFFICIENT FARMS.

B. DISPOSAL OF EC SURPLUSES IN SUCH A MANNER AS TO BENEFIT EC CONSUMERS WHERE FEASIBLE AND JUSTIFIABLE IN TERMS OF COST-EFFECTIVENESS.

C. CHANGES IN DAIRY POLICY: THE IDEA THAT INTERVENTION PRICES SHOULD BE VARIED IN RELATION TO THE SIZE OF STOCKS WAS SPECIFICALLY ADVANCED.

D. FURTHER REDUCTION OF THE ROLE OF INTERVENTION IN THE BEEF SECTOR--WITH THE POSSIBLE EXTENSION OF UK-TYPE SLAUGHTER PREMIUM MEASURES TO OTHER MEMBER STATES.

UNDERLYING OBJECTIVES (A) AND (D), OF COURSE, IS THE BRITISH DESIRE TO HAVE FEOGA ASSUME A LARGE PROPORTION OF THEIR CONSUMER SUBSIDIES ON BUTTER AND SLAUGHTER PREMIUMS. THE STATEMENT ALSO EXPRESSED SATISFACTION WITH RECOMMENDATIONS THAT FEED WHEAT BE PRICED COMPARABLY WITH FEED GRAIN. (A SPOKESMAN FOR THE BRITISH NATIONAL FARMERS UNION INFORMED US, HOWEVER, THAT THE BRITISH POSITION ON THIS ISSUE IS SOMEWHAT TRICKY IN THAT THEY ARE NOT PREPARED TO ADMIT THAT MARIS HUNTSMAN AND SIMILAR LOW BREAD-QUALITY VARIETIES ARE NECESSARILY, BY THEIR NATURE, FEED WHEATS). PEART'S STATEMENT AT THE COUNCIL MEETING EXPRESSED MOST OF THESE POINTS THOUGH IN A SOMEWHAT MORE GENERAL FASHION. IN ADDITION, HE NOTED THE NEED TO TAKE THE TRADE INTERESTS OF THIRD COUNTRIES INTO CONSIDERATION AND CAUTIONED AGAINST EXPANDING EXPENDITURES ON STRUCTURAL MEASURES WITHOUT A COHERENT, OVERALL GOAL.

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7. THE BRITISH STATE SECRETARY FOR PRICES AND CONSUMER PROTECTION, SHIRLEY WILLIAMS, ALSO ATTENDED THE MEETING TO DEFEND CONSUMERS' INTERESTS--A NOTABLE DEPARTURE FROM NORMAL EC PROCEDURE. MRS WILLIAMS DELIVERED A STATEMENT IN WHICH SHE EMPHASIZED THE IMPORTANCE OF GIVING PRIORITY TO THE EC CONSUMER IN SURPLUS DISPOSAL PROGRAMS AND URGED THOROUGH EXAMINATION OF THE POSSIBILITIES OF GREATER USE OF DIRECT AIDS AND NATIONAL PROGRAMS IN ADMINISTERING THE CAP. SHE ALSO SUGGESTED THAT THE PRECISE IMPLICATIONS FOR THE CONSUMER BE SET OUT FOR EACH EC POLICY PROPOSAL IN MUCH THE SAME WAY AS BUDGETARY IMPLICATIONS MUST NOW BE SPELLED OUT. AND SHE FAVORED RESTRAINING THE INCREASE IN UK BUTTER PRICES WHICH WILL RESULT FROM FURTHER ALIGNMENT WITH

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PASS AGRICULTURE

EC PRICES (EC BUTTER SUPPORT PRICES ARE STILL ABOUT 45 PERCENT ABOVE THE UK PRICE). THE OTHER MINISTERS WERE APPARENTLY SYMPATHETIC TO BRITISH CONCERNS ON THIS ISSUE-- A NOT VERY SURPRISING ATTITUDE AS A FALL IN UK BUTTER CONSUMPTION WOULD GREATLY WORSEN EC DAIRY SURPLUS PROBLEMS.

8. THE DISCUSSION WHICH FOLLOWED THE OPENING STATEMENTS, DESCRIBED AS "BROAD AND CONSTRUCTIVE" IN THE OFFICIAL PRESS RELEASE, WAS ELSEWHERE CHARACTERIZED AS DESULTORY, CONFUSED, AND AIMLESS. A GREAT MANY OF THE POINTS MENTIONED IN THE STOCKTAKING OR IN THE QUESTIONNAIRE WERE COMMENTED ON SUPERFICIALLY BUT NOT EXAMINED IN ANY SYSTEMATIC FASHION. THERE WAS AN EXCHANGE BETWEEN THE GERMANS AND THE IRISH AND DANES ON MCA'S AND AN EXCHANGE ON SLAUGHTER PREMIUMS BETWEEN THE IRISH AND THE BRITISH (THE IRISH DO NOT SHARE BRITISH ENTHUSIASM FOR PREMIUMS; THEY WOULD PREFER A STRONGER INTERVENTION SYSTEM FOR BEEF).

9. THE BASIC LINEUP OF MEMBERSTATES RE THE MODIFICATION OF THE CAP CAN BE DESCRIBED AS FOLLOWS. THE NETHERLANDS, IRELAND, AND DENMARK ARE ESSENTIALLY CONTENT WITH THE STATUS QUO AND LEERY OF ANY TAMPERING WITH THE CAP. FRANCE AND BELGIUM SHARE THIS

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GENERAL VIEWPOINT BUT PERHAPS TO A LESSER DEGREE. THE MELLOWING OF THE FRENCH WITH RESPECT TO MODIFICATION OF THE CAP (AT LEAST WITH RESPECT TO THE PRINCIPLE OF MODIFICATION) WOULD SEEM TO STEM IN LARGE PART FROM THE FACT THAT THE FRENCH WERE IN 1974 (AND QUITE POSSIBLE WILL BE ALSO IN 1975) NET CONTRIBUTORS TO FEOGA. ON THE OTHER HAND, GERMANY, THE UNITED KINGDOM AND ITALAY WANT CHANGES IN THE CAP. THE GERMANS ARE PREOCCUPIED WITH THE COST OF THE CAP. THE BRITISH ARE ALSO CONCERNED WITH COST BUT, IN ADDITION, HAVE A NUMBER OF FAIRLY SPECIFIC POLICY OBJECTIVES WHICH ESSENTIALLY AIM AT KEEPING BRITISH AGRICULTURAL AND FOOD POLICY IN THE TRADITIONAL MOLD--OBJECTIVES WHICH ARE TO A CONSIDERABLE EXTENT SUPPORTED BY THE UK FARM LOBBY. THE GERMANS DO NOT APPEAR TO HAVE ANY SUCH SET OF SPECIFIC OBJECTIVES--LARGELY BECAUSE GERMAN FARMERS HAVE LITTLE TO GAIN FROM THE TYPE OF CHANGES WHICH WOULD EASE THE BUDGETARY CONCERNS OF THE SCHMIDT GOVERNMENT. GERMANY IS, AFTER ALL, THE SECOND LARGEST RECIPIENT OF FEOGA FUNDS. THE ITALIANS, ON THE OTHER HAND, ARE MUCH MORE CONCERNED WITH OBTAINING GREATER BENEFIT FROM THE CAP FOR THEIR OWN FARMERS THAN WITH LIMITING THE COST OF THE CAP.

10. THE NEXT STEP: THE AD HOC SPECIAL COMMITTEE OF HIGHLEVEL REPRESENTATIVES CHAIRED BY DI CHI HAS BEEN ASKED TO CONTINUE ITS WORK IN THE LIGHT OF THE DEBATE AND TO PREPARE A DOCUMENT WHICH WILL ULTIMATELY SERVE AS THE BASIS FOR DELIBERATIONS BY THE HEADS OF STATE AT THE DECEMBER 1-2 ROME SUMMIT MEETING. IT HAS BEEN SUGGESTED THAT THE DOCUMENT WILL ROUGHLY FOLLOW THE 3-PART SCHEME OF THE STOCKTAKING REPORT: AN ELABORATION OF THE VIRTURES OF THE CAP, AND ACKNOWLEDGEMENT OF CERTAIN SHORTCOMINGS ALONG WITH AN EXPLANATION AND FINALLY A DISCUSSION OF CERTAIN SPECIFIC IMPROVEMENTS. BUT THERE IS CONSIDERABLE SKEPTICISM THAT THE LAST PART OF THIS DOCUMENT WILL IN ANY SENSE CONTAIN A SET OF RECOMMENDATIONS FOR ACTION (AS DID THE STOCKTAKING REPORT). THIS WOULD REQUIRE A BASIC AGREEMENT WHICH THE AGRICULTURAL MINISTERS AHVE NOT BEEN ABLE TO REACH-- THE VERY REASON FOR ESCALATING THE MATTER TO THE HEADS OF STATE. THE BEST THAT CAN BE HOPED FOR IS THAT THE DOCUMENT WILL EFFECTIVELY NARROW THE ISSUES AND OPTIONS THAT WILL BE DISCUSSED BY THE HEADS OF STATE.

11. IT ALSO SEEMS DOUBTFUL THAT THE SPECIAL COMMITTEE WILL MAKE MUCH PROGRESS BY THE TIME OF THE NOVEMBER 10-11 AGRICULTURAL COUNCIL MEETING AT WHICH TIME THE MATTER IS SCHEDULED TO BE TAKEN UP LIMITED OFFICIAL USE

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AGAIN BY THE MINISTERS. MANY OBSERVERS FEEL THAT NO SUBSTANTIAL PROGRESS ON DEVELOPING THE DOCUMENT WILL BE MADE UNTIL THE PROPOSED JOINT MEETING OF THE AGRICULTURAL AND FOREIGN MINISTERS TAKES PLACE TOWARDS THE END OF NOVEMBER.

12. A CLOSE OBSERVER OF THE EC AGRICULTURAL SCENE NOTED WITH SOME DISGUST THAT THE STOCKTAKING OF THE CAP, IN DIFFERENT GUISES, HAD BEEN DONE 3 OR 4 TIMES NOW-- EACH TIME AT THE INSTIGATION OF THE GERMANS. HE OPINED THAT THE EXISTING CAP, BASED AS IT IS ON INCALCULABLE HOURS OF DISCUSSION, COMPROMISING, AND RESEARCH, AND GIVEN THE POLITICAL AND ECONOMIC STRUCTURE OF THE COMMUNITY, IS IN ITS ESSENTIALS THE BEST OF ALL POSSIBLE CAPS. IN STRUGGLING TO MOVE BEYOND RHETORIC, MORE THAN ONE COMMUNITY OFFICIAL MAY BE TEMPTED TO COME AROUND TO THAT VIEW AS THEY RE-DISCOVER THAT THERE IS NO PAINLESS WAY OF REFORMING THE CAP.

13. THE COUNCIL ALSO FORMALLY ENDORSED A NUMBER OF IMPLEMENTING REGULATIONS PURSUANT TO DECISIONS PREVIOUSLY MADE, DETAILS OF WHICH WILL BE REPORTED AS THEY BECOME AVAILABLE. THESE REGULATIONS CONCERNED:

--"CODIFICATION" OF EC REGULATIONS FOR GRAINS, PORK, EGGS, POULTRYMEAT, AND ALBUMIN. THIS WOULD ESSENTIALLY PULL TOGETHER, UP-DATE, AND CLARIFY EXISTING EC REGULATIONS WHICH ARE DIFFICULT TO USE BECAUSE OF THEIR WIDE DISPERSION IN THE VARIOUS OFFICIAL JOURNALS.

--THE DISPOSAL OF 80,000 TONS OF NONFAT DRY MILK POWDER WHICH HAVE BEEN IN INTERVENTION STOCKS PRIOR TO APRIL 1, 1974. THE COUNCIL APPROVED THIS MEASURE AT THE LAST SESSION (REF. B); THE APPROVED REGULATION MERELY GRANTS THE COMMISSION THE POWER TO IMPLEMENT THE DECISION WITHOUT SPECIFYING PRICES, TERMS OF SALE, ETC.

--EXTENSION OF THE EXISTING SUBSIDY SYSTEMS OF OLIVE OIL AND SOYBEANS FOR THE 1975/76 MARKETING YEAR-.
GREENWALD

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